

I am writing to express my concern that the Mississippi legislature has adjourned without reenacting substantial portions of your unemployment compensation (UC) law that are set to expire July 1, 2008. Expiring provisions include those governing the payment of benefits and the administration of your UC law. Such provisions are necessary for employers in your state to receive credit against the Federal UC tax and for your state to receive administrative grants to operate its UC and Wagner-Peyser Act programs. A detailed discussion follows.

As a condition of employers in a state receiving credit against the tax imposed by Section 3301 of the Federal Unemployment Tax Act (FUTA), the state's UC law must meet the requirements of Section 3304(a), FUTA. Each October 31, the Secretary of Labor certifies to the Secretary of the Treasury the state UC laws that meet these requirements. However, if the Secretary finds, after notice and opportunity for hearing, that a "State has amended its law so that it no longer contains" the provisions required by Section 3304, she does not certify the law. (See Section 3304(c), FUTA.) Clearly, if the provisions which lapse on July 1, 2008, are not reauthorized, your law will no longer contain provisions necessary for the October 31 certification.

As a result, Mississippi's employers would be subject to the full FUTA tax rate of 6.2 percent for calendar year 2008. (Currently, Mississippi employers pay a net FUTA tax of 0.8 percent.) Additionally, FUTA certification is necessary for a state to receive its UC grant and its Wagner-Peyser grant. (See Section 302(a) of the Social Security Act (SSA) and Section 5(b)(2) of the Wagner-Peyser Act.) Therefore, if Mississippi is not certified as meeting FUTA requirements, it would also lose these grants. I note that Section 303 of the SSA contains additional requirements for receipt of administrative grants; provisions of state law implementing these SSA requirements are also expiring.

- 2 -

I understand that the Governor will shortly be calling a special session of the state legislature to address this expiration and other matters. Please do not hesitate to contact me or Dianna Milhollin, your Regional Office's UI Director, if we can be of any assistance or provide additional information.

Sincerely,